

State of Maine
Office of Securities
121 State House Station
Augusta, Maine 04333-0121

In Re:

Keith Seltzer, d/b/a KDS Funding

CONSENT ORDER

11-7594

This is an order of the Securities Administrator pursuant to 32 M.R.S. §16604 of the Maine Uniform Securities Act (the "Act"). Keith Seltzer ("Seltzer"), doing business as KDS Funding, agrees to the entry of this Consent Order, agrees that it shall have the same effect as an order issued after hearing, and waives his right to a hearing and to judicial review. Seltzer further agrees that he shall be precluded from disputing the Findings of Fact and Conclusion of Law as set forth herein in any other adjudicatory proceeding in the State of Maine.

Findings of Fact

1. Keith Seltzer is an individual whose last known address is 15 Cary Street, Ravena, New York 12143. At no time has Seltzer been licensed as a broker-dealer or agent in Maine.
2. On or about February 18, 2011, the Staff of the Maine Office of Securities ("Staff") was contacted by a Maine resident who had received an email solicitation from Seltzer the previous day.
3. Seltzer's email stated that he buys mortgage, business and mobile home notes that meet certain criteria desired by his investors and that "[f]or every deal that you provide and I buy – you'll get a 20% finders fee off of my commission!"
4. In response to an inquiry from the Staff, Seltzer explained in a letter dated April 26, 2011, that "I bring 'A' together with 'B' and make an offer for their note. I am the middle man, nothing else." Seltzer signed his letter as president of KDS Funding.
5. Staff made several unsuccessful attempts to contact Seltzer via regular mail and telephone between April 2011 and June 2011.
6. By letter to the Office dated December 30, 2011, Seltzer indicated upon receipt of the the Office's April 2011 letter, he immediately ceased all activity in Maine, which he claims consisted of only one email sent to a list of people he obtained from a third

party. He states he was unaware that his action "acting as a middleman" was a violation of Maine law.

Conclusions of Law

7. It is unlawful to transact business as a broker-dealer or agent in Maine unless licensed or exempt from licensing. 32 M.R.S. § 16401 and 16402.
8. A broker-dealer is "a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account." 32 M.R.S. § 16102 (4). An agent is an individual who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities. 32 M.R.S. § 16102 (2).
9. The notes described in Seltzer's email are securities under 32 M.R.S. § 16102 (28).
10. The licensure requirements for a broker-dealer and an agent "do not apply to a person that purchases or offers to purchase a security unless the offer to purchase or the purchase is made in this State[.]" 32 M.R.S. § 16610 (2).
11. When Seltzer emailed the Maine resident, he made an offer to purchase securities that requires licensure because it was "directed by the offeror [Seltzer] to a place in this State and received at the place to which it [was] directed." 32 M.R.S. § 16610 (3)(B).
12. By offering to purchase securities from the Maine consumer as part of his commission-based business, Seltzer acted as an unlicensed broker-dealer or agent in violation of 32 M.R.S. §§ 16401 and 16402.
13. This Order is in the public interest because it will protect Maine investors by deterring future misconduct by Seltzer and others and will foster public confidence in the securities industry.

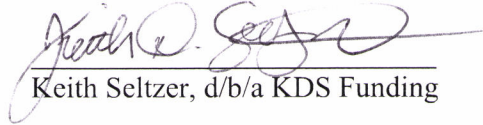
Order

14. Seltzer shall not act as a broker-dealer or agent in Maine, including by engaging in the business of buying or selling notes or bringing note buyers and sellers together, unless he is properly licensed by the Maine Office of Securities to do so.
15. Seltzer shall comply with all other legal requirements governing persons buying or selling securities in the State of Maine at all times from the date hereof.

Seltzer, by signing below, agrees to the entry of this Consent Order, agrees that it shall have the same effect as an order issued after hearing, waives his right to a hearing and to judicial

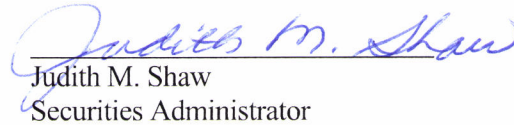
review, and agrees that he shall be precluded from disputing the Findings of Fact and Conclusions of Law as set forth herein in any other adjudicatory proceeding in the State of Maine.

January , 2012


Keith Seltzer, d/b/a KDS Funding

1/20/2012

February 1, 2012
~~January~~, 2012


Judith M. Shaw
Securities Administrator